

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. 04-_____
v.	:	DATE FILED: <u>July 22, 2004</u>
THOMAS RIED	:	VIOLATION:
	:	18 U.S.C. § 1341 (mail fraud – 11 counts)
	:	18 U.S.C. § 1956(a)(1)(B)(money laundering - 11 counts)
	:	Notice of Additional Factors
		Notice of Forfeiture

INDICTMENT

COUNTS ONE THROUGH ELEVEN

THE GRAND JURY CHARGES THAT:

1. At all times material to this indictment:
2. Lumbermen's Merchandising Corporation (LMC), a company located at 137 West Wayne Avenue in Wayne, Pennsylvania, was a buying cooperative that assisted independent lumber dealers and building materials companies obtain products at competitive prices by aggregating the volume of their purchase orders with major manufacturers.
3. Defendant THOMAS RIED was an employee of LMC, with the title of Promotions Administrator. RIED was responsible for devising promotional programs for LMC customers, and for supporting promotional programs that had been in existence for numerous years. As part of his responsibilities, RIED was also entrusted with ordering spiral-bound calendars known as contractor planners from printing companies on behalf of the lumber and building materials companies that LMC represented. These companies would distribute the calendars to their customers who were usually building contractors.

4. Kenyon Press, Inc., 1 Kenyon Press Drive, Sherburne, New York 13460, was the company that printed and binded the spiral-bound calendars known as contractor planners pursuant to a contract with LMC for LMC's customers.

5. "NetCom Productions" was a fictitious company that was created by defendant THOMAS RIED with a business address at P.O. Box 5121, Springfield, Pennsylvania, 19064.

THE SCHEME

6. From on or about December 23, 1999, to in or around November 2003, defendant THOMAS RIED devised and intended to devise a scheme to defraud LMC, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, that is, approximately \$300,099.

It was part of the scheme that:

7. While employed at LMC, Defendant THOMAS RIED opened a post office box in Springfield, Pennsylvania for the purpose of receiving correspondence addressed to a fictitious company that he named "NetCom Productions."

8. Defendant THOMAS RIED opened a bank account at Commerce Bank, no. 360552988, under the name of the fictitious company "NetCom Productions."

9. Defendant THOMAS RIED drafted 11 false invoices under the name of "NetCom Productions," falsely claiming that NetCom performed binding and other printing services for the production of calendars known as contractor planners, when they were instead entirely performed by Kenyon Press, Inc. The invoices falsely represented that "NetCom Productions" was a graphic design and reproductions business, and demanded payment in various amounts for printing and binding work that was done exclusively by Kenyon Press, Inc.

10. Defendant THOMAS RIED approved the NetCom invoices by signing his initials on them, and then he submitted the invoices to LMC for payment to “NetCom Productions.”

11. On or about each of the dates and in the approximate amounts described below, in the Eastern District of Pennsylvania and elsewhere, defendant

THOMAS RIED

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused LMC to deliver, via United States mail, a check made out to NetCom Productions to the address at P.O. Box 5121, Springfield, Pennsylvania, 19064.

<u>Count</u>	<u>Date</u>	<u>LMC Check No.</u>	<u>Amount</u>
One	12/31/1999	220448	\$12,075
Two	10/02/2000	369523	\$2,000.25
Three	11/14/2000	375788	\$16,782
Four	12/18/2000	380922	\$4,579.05
Five	12/26/2000	381972	\$5,820.52
Six	10/26/2001	427386	\$30,792.58
Seven	11/16/2001	430741	\$26,995.55
Eight	01/17/2002	439715	\$13,274.95
Nine	11/20/2002	494912	\$76,640
Ten	01/03/2003	501502	\$23,977.50
Eleven	11/13/2003	549403	<u>\$87,162</u>
Total			300,099.40

In violation of Title 18, United States Code, Section 1341.

COUNTS TWELVE THROUGH TWENTY-TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 11 of Counts 1 through 11 are incorporated by reference here.

At all times material to this Indictment:

2. Defendant THOMAS RIED obtained proceeds from his fraudulent scheme and deposited those proceeds at the Commerce Bank into the bank account under the name of NetCom Productions (account number 360552988).

3. On or about the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

THOMAS RIED

knowingly conducted and caused, the following financial transactions affecting interstate commerce:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
12	12/31/99	Deposited check no. 220448 in the amount of \$12,075 in Commerce Bank account no. 360552988;
13	10/02/2000	Deposited check no. 369523 in the amount of \$2,000.25 in Commerce Bank account no. 360552988;
14	11/14/2000	Deposited check no. 375788 in the amount of \$16,782.00 in Commerce Bank account no. 360552988;
15	12/18/2000	Deposited check no. 380922 in the amount of \$4,579.05 in Commerce Bank account no. 360552988;
16	12/26/2000	Deposited check no. 381972 in the amount of \$5,820.52 in Commerce Bank account no. 360552988;

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
17	10/26/2001	Deposited check no. 427386 in the amount of \$30,792.58 in Commerce Bank account no. 360552988;
18	11/16/2001	Deposited check no. 430741 in the amount of \$26,995.55 in Commerce Bank account no. 360552988;
19	1/17/2002	Deposited check no. 439715 in the amount of \$13,274.95 in Commerce Bank account no. 360552988;
20	11/20/2002	Deposited check no. 494912 in the amount of \$76,640 in Commerce Bank account no. 360552988;
21	01/03/2003	Deposited check no. 501502 in the amount of \$23,977.50 in Commerce Bank account no. 360552988; and,
22	11/13/2003	Deposited check no. 549403 in the amount of \$87,162 in Commerce Bank account no. 360552988.

4. When conducting the financial transactions described in paragraph 3 above, defendant THOMAS RIED knew that the property involved in those financial transactions represented the proceeds of some form of unlawful activity.

5. The financial transactions described in paragraph 3 above involved the proceeds of a specified unlawful activity, that is, mail fraud, in violation of 18 U.S.C. § 1341, and defendant THOMAS RIED acted with the knowledge that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the specified unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

NOTICE OF ADDITIONAL FACTORS

THE GRAND JURY FURTHER CHARGES THAT:

In committing the offense charged in Counts One through Twenty-two of this indictment, defendant THOMAS RIED:

1. Caused a loss or attempted loss to LMC of approximately \$300,099.
2. Abused a position of private trust as stated in U.S.S.G. § 3B1.3.
3. Deposited approximately \$300,099 in proceeds from the mail fraud scheme into the bank account under the name of NetCom Productions at the Commerce Bank (account number 360552988), with the knowledge that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the mail fraud scheme.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1341, set forth in this indictment, the defendant

THOMAS RIED

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, as charged in this indictment, including, but not limited to, the sum of \$300,099.40, and:

a) any and all assets remaining in Commerce Bank account no. 360552988.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code,
Section 981(a)(1)(C).

A TRUE BILL:

GRAND JURY FOREPERSON

**PATRICK L. MEEHAN
UNITED STATES ATTORNEY**